

**First Regular Session  
Sixty-ninth General Assembly  
STATE OF COLORADO**

**ENGROSSED**

*This Version Includes All Amendments Adopted  
on Second Reading in the House of Introduction*

LLS NO. 13-0617.01 Esther van Mourik x4215

**HOUSE BILL 13-1234**

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**HOUSE SPONSORSHIP**

**Fischer and Vigil, Szabo**

**SENATE SPONSORSHIP**

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**House Committees**

Agriculture, Livestock, & Natural Resources  
Finance  
Appropriations

**Senate Committees**

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**A BILL FOR AN ACT**

101     **CONCERNING THE AUTHORITY OF THE STATE TO ENTER INTO**  
102             **LEASE-PURCHASE AGREEMENTS FOR THE DEPARTMENT OF**  
103             **AGRICULTURE'S OFFICE CONSOLIDATION.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

**Capital Development Committee.** The bill authorizes the state to enter into one or more lease-purchase agreements for the department of agriculture's office consolidation.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

HOUSE  
2nd Reading Unamended  
March 11, 2013

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2           **SECTION 1. Legislative declaration.** (1) The general assembly  
3 finds that:

4           (a) Currently, the department of agriculture's eight divisions are  
5 housed at various locations throughout the state and four of its divisions  
6 have outgrown their available space;

7           (b) The expansion of the markets and plant industry divisions to  
8 meet the challenge of expanding the promotion of Colorado's agricultural  
9 products and supporting a burgeoning organic industry has strained  
10 remaining space resources;

11           (c) In addition to the current space shortage, the department of  
12 agriculture is unable to realize opportunities to streamline operations. For  
13 example, the animal and brand divisions are located several miles from  
14 each other, but if they were located together the department would see  
15 efficiencies in training, inspections, and detection of disease, and  
16 communications delays would be eliminated.

17           (d) It will be necessary to consolidate all the department's  
18 divisions, except for the Colorado state fair, for the consolidation to  
19 realize its maximum efficiency. Although the current inspection and  
20 consumer services division facility provides adequate space for that  
21 division, its optimum location is effectively being encroached by the  
22 development in the Highlands neighborhood of metro Denver. Large  
23 trucks continue to move through the measurement standards portion of  
24 the metrology lab, which could eventually disturb new residents and  
25 businesses moving into the redeveloped area. Parking for the area is at a  
26 premium, making it difficult for the facility to host large groups of

1 employees or customers.

2 (e) The brand division has been located near the national western  
3 stock show complex for many years and, although the facility does  
4 provide some benefit to the division, it does not make logistical sense to  
5 exclude one division in a department-wide consolidation;

6 (f) The department of agriculture would have liked to have had  
7 the animal industry division located with the commissioner's office, plant  
8 industry, conservation services, and markets, but there is not enough  
9 space at that location so they have had to lease space for that particular  
10 division;

11 (g) In order to consolidate all the department's divisions, except  
12 for the Colorado state fair, the department considered constructing a new  
13 facility or purchasing an existing facility. It was determined that new  
14 construction would be cost prohibitive. Instead, purchasing an existing  
15 facility and building the necessary office and laboratory space is a more  
16 economical means to achieve complete office consolidation.

17 (h) The building would need approximately fifty thousand square  
18 feet with suitable ceiling height for the metrology lab. Additionally, test  
19 space and ample parking is needed for the plant industry division to  
20 provide weekly testing for individuals taking the pesticide applicator  
21 exam. The new facility must also have enough space for board and  
22 commission meetings with room for the members, department staff, and  
23 interested public.

24 (i) The agricultural management fund will need to be used for  
25 initial escrow costs, funding the purchase of new furniture, moving  
26 expenses, and miscellaneous contingency expenses. The inspection and  
27 consumer services division facility will be sold with proceeds going

1 towards the cost of consolidation. The goal is to use these two sources of  
2 money as a means to keep the financed portion as low as possible.

3 (j) New funding is not required for the office consolidation.  
4 However, the current departmental indirect allocation model will need to  
5 be adjusted to support the lease-purchase payment and the department's  
6 operating and utility expenses. Increases in cash fund spending authority  
7 for the department's indirect lines in the annual general appropriation bill  
8 will also be necessary. In addition to these increases, the department will  
9 need reappropriated fund spending authority for operating and utility  
10 expenses as well as lease-purchase payments.

11 (k) An estimated one hundred fifty-six thousand three hundred  
12 sixty-seven dollars of general fund money will be saved in fiscal year  
13 2013-14 and one hundred seventy-eight thousand one hundred five  
14 dollars of general fund money will be saved in fiscal year 2014-15 as a  
15 result of the department's office consolidation. This savings must be  
16 realized in reductions to the operating expense, lease space, and capital  
17 complex leased space lines of the department's section of the annual  
18 general appropriation bill.

19 (l) Adjusting the current indirect cost model for the department  
20 will not result in a fee increase to any departmental funds. Although  
21 increased expenditures from a majority of the cash funds will occur, most,  
22 if not all, have sufficient revenues to support the increase.

23 (2) It is therefore considered good public policy to authorize the  
24 state of Colorado, acting by and through the state treasurer, to enter into  
25 one or more lease-purchase agreements and other agreements as  
26 necessary to finance the purchase of an office facility for the department  
27 of agriculture's office consolidation.

1           **SECTION 2. Lease-purchase agreement.** (1) (a) The state of  
2 Colorado, acting by and through the state treasurer, is authorized to  
3 execute a lease-purchase agreement for up to twenty years to purchase an  
4 office facility for the department of agriculture's office consolidation. The  
5 total amount of the principal component of said lease-purchase agreement  
6 shall not exceed six million five hundred sixty-six thousand five hundred  
7 twelve dollars (\$6,566,512), plus reasonable and necessary  
8 administrative, monitoring, and closing costs and interest.

9           (b) Enactment of this act shall satisfy the requirements of sections  
10 24-82-102 (1) (b) and 24-82-801, Colorado Revised Statutes, which  
11 require authorization of a lease-purchase agreement by a bill other than  
12 an annual general appropriation bill or a supplemental appropriation bill.

13           (2) (a) The lease-purchase agreement authorized in subsection (1)  
14 of this section shall provide that all of the obligations of the state under  
15 the agreement shall be subject to the action of the general assembly in  
16 annually making moneys available for all payments thereunder. The  
17 agreement shall also provide that the obligations shall not be deemed or  
18 construed as creating an indebtedness of the state within the meaning of  
19 any provision of the state constitution or the laws of the state of Colorado  
20 concerning or limiting the creation of indebtedness by the state of  
21 Colorado and shall not constitute a multiple fiscal-year direct or indirect  
22 debt or other financial obligation of the state within the meaning of  
23 section 20 (4) of article X of the state constitution. In the event the state  
24 of Colorado does not renew the lease-purchase agreement authorized in  
25 subsection (1) of this section, the sole security available to the lessor shall  
26 be the property that is the subject of the nonrenewed lease-purchase  
27 agreement.

1 (b) (I) The lease-purchase agreement authorized in subsection (1)  
2 of this section may contain such terms, provisions, and conditions as the  
3 state treasurer, acting on behalf of the state of Colorado, may deem  
4 appropriate, including all optional terms; except that the lease-purchase  
5 agreement shall specifically authorize the state of Colorado to:

6 (A) Receive fee title to all real and personal property that is the  
7 subject of the lease-purchase agreement on or prior to the expiration of  
8 the terms of the lease-purchase agreement; and

9 (B) Reduce the term of the lease through prepayment of rental and  
10 other payments.

11 (II) Any title to property received by the state on or prior to the  
12 expiration of the terms of the lease-purchase agreement shall be held for  
13 the benefit and use of the department of agriculture.

14 (c) The state of Colorado, acting through the state treasurer, is  
15 authorized to enter into ancillary agreements and instruments as are  
16 deemed necessary or appropriate in connection with the lease-purchase  
17 agreements, including but not limited to ground leases, easements, or  
18 other instruments relating to the real property to be purchased.

19 (3) The provisions of section 24-30-202 (5) (b), Colorado Revised  
20 Statutes, shall not apply to the lease-purchase agreement authorized in  
21 subsection (1) of this section or any ancillary agreement entered into  
22 pursuant to paragraph (c) of subsection (2) of this section. Any provision  
23 of the fiscal rules promulgated pursuant to section 24-30-202 (1) and  
24 (13), Colorado Revised Statutes, that the state controller deems to be  
25 incompatible or inapplicable with respect to said lease-purchase  
26 agreements or any ancillary agreement may be waived by the controller  
27 or his or her designee.

1           **SECTION 3.** In Colorado Revised Statutes, **amend** 35-1-106.9  
2 as follows:

3           **35-1-106.9. Agriculture management fund - creation.** There is  
4 hereby created in the state treasury the agriculture management fund. The  
5 fund shall consist of moneys transferred pursuant to section 38-13-116.7  
6 (3), C.R.S., AND ANY MONEYS REALIZED FROM THE SALE OF THE  
7 INSPECTION AND CONSUMER SERVICES DIVISION FACILITY. The department  
8 shall use such moneys to fund agricultural efforts approved by the  
9 commissioner, including, but not limited to, funding additional  
10 department employees necessary to implement and manage approved  
11 programs. Moneys may be used for direct assistance or grant assistance  
12 for conservation districts created pursuant to article 70 of this title.  
13 MONEYS IN THE FUND MAY BE USED FOR EXPENSES RELATED TO THE  
14 DEPARTMENT'S OFFICE CONSOLIDATION AS AUTHORIZED BY HOUSE BILL  
15 13-\_\_\_\_, ENACTED IN 2013. Moneys in the fund are subject to annual  
16 appropriation to the department. Any moneys not expended or  
17 encumbered from any appropriation at the end of any fiscal year shall  
18 remain available for expenditure in the next fiscal year without further  
19 appropriation. All interest derived from the deposit and investment of  
20 moneys in the fund shall be credited to the fund and shall not be  
21 transferred or credited to the general fund or any other fund.

22           **SECTION 4. Safety clause.** The general assembly hereby finds,  
23 determines, and declares that this act is necessary for the immediate  
24 preservation of the public peace, health, and safety.